

March 12, 2015

The Honorable Representative Tom Berry  
House Committee Business and Labor  
1301 East 6th Avenue  
Helena, MT 59601

**Re: Testimony on HB 240 – Fee Charges for Surplus Lines Property**

Chairman Berry and Members of the House Business and Labor Committee:

On behalf of the American Association of Managing General Agents (AAMGA), the Council of Insurance Agents and Brokers (The Council), National Association of Professional Surplus Lines Offices (NAPSLO) and the Property Casualty Insurers Association of America (PCI), we appreciate the opportunity to provide comments to the HB 240 which allows the surplus lines producers more flexibility in their fee structure.


Collectively we provide the authoritative voice of the surplus lines industry, advocating for the industry's vital role in the insurance marketplace and in providing innovative solutions for complex insurance risks. Often called the "safety value" of the insurance industry, surplus lines insurers fill the need for coverage in the marketplace by insuring those risks that are declined by the underwriting and pricing processes of standard insurance carriers. With the ability to accommodate a wide variety of risks, the surplus lines market acts as an effective supplement to the standard market.

We strongly support HB 240 which would allow the charging and collection of a flat fee by a surplus lines insurance producers for transactions of surplus lines insurance policies. As most states currently allow the use of broker fees, this bill provides uniformity by bringing Montana in line with the majority of states. Our industry has long advocated for states to allow reasonable fees in the placement of surplus lines policies, which are often unique and require additional work initially and throughout the policy period. We further appreciate the added clarity of HB 240 that the fees allowed will not be considered part of the premium charged to the insured and do not fall within the definition of premium as contemplated in 33-15-102. For these reasons our joint memberships urge support for this measure.

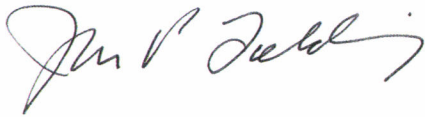
We are very appreciative of the support of the Office of the Commissioner of Securities and Insurance in this effort to allow the policy fee. We would once again like to thank Chairman Berry for bringing this bill forward which we believe brings clarity and uniformity to the

regulatory process. Thanks to the House Committee on Business and Labor for the opportunity to submit testimony on HB 240 and we would urge your support for this bill.

Sincerely,



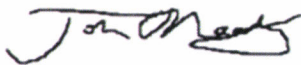
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